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SEC FILE NUMBER

8 - 36202

ANNUAL AUDITED REPORT **FORM X-17A-5** PART III

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H Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

A.	REGISTRANT IDE	NTIFICATION
NAME OF BROKER-DEALER:		OFFICIAL USE ONL
ILLUSTRO TRADING LLC.		FIRM ID. NO.
ADDRESS OF PRINCIPAL PLACE O	OF BUSINESS: (Do no	t use P. O. Box No.)
40 Wall Street, c/o Accounting ar	nd Compliance Inte	rnational
New York	NY	10005
(City) NAME AND TELEPHONE NUMBER	(State) R OF PERSON TO CO	(Zip Code) NTACT IN REGARD TO THIS REPORT
lan Krim		TEL 212-668-8700
	<del></del>	(Area Code – Telephone No.)
В. д	ACCOUNTANT IDE	
		NTIFICATION  CECURIVES AND EXPLANAL BUM
IDEPENDENT PUBLIC ACCOUNTA		NTIFICATION  I SECURITIES AND EXCHANGE COM
IDEPENDENT PUBLIC ACCOUNTA		contained in this Report RECEIVED
B. A NDEPENDENT PUBLIC ACCOUNTA ERNER & SIPKIN, CPAsLLP 32 Nassau Street, Suite 1023 X Certified Public Account	ANT whose opinion is  New York	contained in this Report RECEIVED  FEB 1 5 2013

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SEC 1410 (06-02)

<sup>\*</sup>Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

### OATH OR AFFIRMATION

I, PHILLIP QUARTUCCIO, swear (or affirm) that, to the best of my knowledge and belief,
the accompanying financial statement and supporting schedules pertaining to the firm of
ILLUSTRO TRADING LLC as of Dec 31, 2012, are true and correct. I further swear (or
affirm) that neither the company nor any partner, proprietor, member, principal officer or director
has any proprietary interest in any account classified solely as that of a customer, except as
follows:

	NONE
MARGERY NELL MURRIEL Notary Public, State of New York No. 01 MU6247130 Qualified in Kings County Commission Expires August 22 (2015)	X Shy War Signature Cho 12/12/12 Title
X Manage //, Messay Public	

This report\*\* contains (check all applicable boxes):

- (x) (a) Facing page.
- (x) (b) Statement of Financial Condition.
- (x) (c) Statement of Operations.
- (x) (d) Statement of Cash Flows.
- (x) (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (x) (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (x) (g) Computation of Net Capital.
- ( ) (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ( ) (i) Information Relating to the Possession or Control requirements under rule 15c3-3.
- ( ) (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the reserve requirements Under Exhibit A of Rule 15c3-3.
- ( ) (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (x) (1) An Oath or Affirmation.
- (x) (m) A copy of the SIPC Supplemental Report.
- ( ) (n ) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (x) (o) Independent Auditors' Report.
- \*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# ILLUSTRO TRADING LLC STATEMENT OF FINANCIAL CONDITION December 31, 2012

# ILLUSTRO TRADING LLC STATEMENT OF FINANCIAL CONDITION DECEMBER 31, 2012

ASSETS	
Cash and cash equivalents	\$ 16,739
Commissions receivable	190,462
Fixed Assets, net of accumulated depreciation of \$9,477 (Note 2(d))	9,476
Other assets	10,797
Total assets	\$ 227,474
LIABILITIES AND STOCKHOLDERS' EQUITY	
Liabilities:	
Accounts payable and accrued expenses	<b>\$</b> 154,338
Total liabilities	154,338
Commitments and Contingencies (Note 3)	
Capital(Note 4)	73,136
Total liabilities and capital	\$ 227,474

#### ILLUSTRO TRADING LLC

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

#### Note 1 - Nature of Business

Illustro Trading LLC. (The "Company") is a New York corporation formed for the purpose of conducting business as a broker in securities.

The Company operates under the provisions of Paragraph (k)(2) (ii) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clears all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmits all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

# Note 2 - Summary of Significant Accounting Policies

# a) Revenue Recognition

Securities transactions (and the recognition of related income and expenses) are recorded on a trade date basis. Commission income and related income and expense are recorded on a settlement date basis. There is no material difference between settlement date and trade date.

### b) Income Taxes

Income tax are not payable by, or provided for, the Company. Members are taxed individually on their share of the Company earnings for federal and state income tax purposes. The accompanying financial statements have been adjusted to provide for unincorporated business tax based upon Company income if applicable.

#### c) Cash and Cash Equivalents

The Company considers demand deposited money market funds to be cash equivalents. The Company maintains cash in bank account which, at times, may exceed federally insured limits or where no insurance is provided. The Company has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

# d) Equipment

Equipment is carried at cost and is depreciated over a useful life of 5-7 years using accelerated methods.

#### e) Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses.

### ILLUSTRO TRADING LLC

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

# Note 2 - Summary of Significant Accounting Policies

# f) Subsequent Events

The Company has evaluated events and transactions that occurred between December 31, 2012 and February 4, 2013, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

#### Note 3 - Financial Statements with Off-Balance Sheet Credit Risk

As a securities broker, the Company is engaged in buying and selling securities for a diverse group of institutional and individual investors. The Company introduces these transactions for clearance to another broker-dealer on a fully disclosed basis.

The Company's exposure to credit risk associated with non-performance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets which may impair customers' ability to their obligations to the Company and the Company's ability to liquidate the collateral at an amount equal to the original contracted amount. The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to such non-performance by its customers. The company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing broker's internal guidelines. The Company monitors its customer activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions, when necessary.

#### Note 4 - Net Capital Requirement

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 1500%. At December 31, 2012, the Company had Net Capital of 15,937 which was \$5,647 in excess of its required net capital of \$10,290. The Company's net capital ratio was 968.43%.



132 Nassau Street, New York, NY 10038 Tel 212.571.0064 / Fax 212.571.0074
E-mail: LS@lernersipkin.com

# **INDEPENDENT AUDITORS' REPORT**

To the Stockholders of Illustro Trading LLC. c/o Accounting and Compliance International 40 Wall Street, 17th Floor New York, NY 10005

#### Report on the Financial Statements

We have audited the accompanying statement of financial condition of Illustro Trading LLC, (the Company) as of December 31, 2012.

# Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the statement of financial condition in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the statement of financial condition that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the statement of financial condition based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free if material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement of financial condition. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the statement of financial condition, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the statement of financial condition in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the statement of financial condition.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Illustro Trading LLC, as of December 31, 2012 in accordance with accounting principles generally accepted in the United States of America.

Flunce Aughin CPAs, LLP Lerner & Sipkin, CPAs, LLP Certified Public Accountants (NY)

New York, NY February 4, 2013